

VZCZCXRO7273
OO RUEHBC RUEHDA RUEHDE RUEHIHL RUEHKUK
DE RUEHRO #2076/01 2020912
ZNR UUUUU ZZH
O 210912Z JUL 06
FM AMEMBASSY ROME
TO RUEHC/SECSTATE WASHDC IMMEDIATE 5434
INFO RUCNRAQ/IRAQ COLLECTIVE PRIORITY
RUEHROV/AMEMBASSY VATICAN PRIORITY 0433
RUEHFL/AMCONSUL FLORENCE PRIORITY 1593
RUEHMIL/AMCONSUL MILAN PRIORITY 7391
RUEHNP/AMCONSUL NAPLES PRIORITY 1682
RUEHNO/USMISSION USNATO PRIORITY 2804
RUEKJCS/SECDEF WASHDC PRIORITY
RUEHRO/USDAO ROME IT PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RHMFIUU/USCENTCOM MACDILL AFB FL PRIORITY
RUEKJCS/JOINT STAFF WASHDC PRIORITY

UNCLAS SECTION 01 OF 02 ROME 002076

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DEPT FOR NEA, EUR/WE AND S/I

E.O. 12958: N/A

TAGS: [PARM](#) [PREL](#) [UNSC](#) [PGOV](#) [EAID](#) [IZ](#) [IT](#)
SUBJECT: SCENESETTER FOR CODEL COLE

REF: A. STATE 115260

[1](#)B. ROME 1955

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[1](#)1. Embassy Rome warmly welcomes the visit of Codel Cole. Please find below background information to serve as a scenersetter for visit.

[1](#)2. U.S.-Italy relations traditionally have been strong regardless of the party in power. The Center Left's April 9-10 election victory should not significantly change the substance of our bilateral relationship, despite the new government's well-known opposition to the war in Iraq. PM Prodi has announced plans to withdraw all Italian troops by the end of 2006. However, the Prodi government also has pledged to increase its reconstruction assistance in Iraq. The new government has stated it will favor multilateral initiatives over bilateral or unilateral ones, especially in Iraq, where Italy is pushing for stronger EU, UN, and NATO roles.

A Fragile Coalition...

[1](#)3. Prodi leads a diverse coalition of allies ranging from centrist oriented Catholic parties to radical communists. During the election campaign, the center-left coalition was often plagued by internal disputes, with the radical-left assuming an increasingly high-profile role. Radical left parties scored significant gains, winning roughly 12 percent of the vote and capturing 38 of the potential 158 center-left seats in the Senate, making them essential to a future Prodi government.

[1](#)4. Political commentators believe this combination could complicate Prodi's ability to govern. Indeed, the current debate over funding of Italy's overseas missions highlights differences within the coalition. The Italian government issued a decree June 30 approving financing for these missions, including Iraq, through the end of 2006, which Parliament must approve within 60 days. The House approved the decree on July 19 with four members, all from the extreme left Communist Renewal, voting against. The Senate, where the Prodi government has only a razor-thin majority, will

begin consideration on July 24.

...With Significant Economic Handicaps

¶5. High public debt and budget deficits, rising social welfare costs, persistent unemployment and a stagnant economy all limit Italy's financial ability to increase or sustain Italy's overseas missions. The current budget has reduced foreign assistance by 27 percent and defense spending by ten percent (to about 0.90 percent of GDP). Peacekeeping funding, carried as a separate line item outside the budget, was cut by 20 percent for 2006. Nevertheless, the Prodi government has pledged to continue and even increase its reconstruction efforts in Iraq.

Shift to Civilian Cooperation in Iraq

¶6. Italy, with approximately 1,600 troops located in Dhi Qar Province in the British sector, is the third largest troop contributor in Iraq after the U.S. and UK. Before the April elections, the Berlusconi government announced a timetable for the gradual drawdown of Italian troops with the aim of repatriating most by year end and transforming the mission into a primarily civilian one. Prodi, in an effort to distinguish his government's policies from those of the previous government, and citing an electoral mandate for complete troop withdrawal, has announced he will withdraw all troops by the end of 2006. However, Italy will continue its reconstruction efforts and has pledged to strengthen political, civilian, and humanitarian cooperation and support for the Iraqi government.

¶7. Italy's reconstruction assistance focuses primarily on three geographic areas: Baghdad, Dhi Qar province, and Kurdistan. The Italian government has spent (or allocated)

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all of the 200 million Euros pledged at the October 2003 Madrid summit, primarily in the fields of training, technical assistance and institution building (including support for Iraqi public administration, e-government, and electoral assistance), the health sector, water resource management, agriculture, the environment, infrastructure, and cultural heritage recovery. Supplement funds have been disbursed by other Italian Ministries (Defense, Environment, Scientific Research, Agriculture, Cultural Heritage, Technological Innovation), organizations such as the Italian Red Cross and National Research Council, and many universities.

¶8. The June 30 decree includes 129.38 million Euro for the military mission in Iraq, including the cost for troop withdrawals, which the decree specifies will be completed by the "end of autumn." An additional 30 million is designated for humanitarian, stabilization, and reconstruction assistance (compared to 15 million for the previous six-month period, a 100 percent increase).

¶9. Italy was the third Paris Club member to announce a cancellation of Iraqi debt, agreeing in October 2005 to cancel 80 percent of Iraq's debt to Italy, amounting to 2.4 billion Euro.

¶10. Italy leads three of out four modules in the NATO Training Mission in Iraq (NTM-I) at al-Rustamayah, providing the NTM-I deputy and 32 others conducting staff college-type training. In addition, Italy has contributed 1 million Euro to the NTM-I trust fund. On July 20, a seven-member Italian Military Advisory and Liaison Team (MALT) began a six-month deployment whose purpose is to oversee the Iraqi security forces that will soon take over force protection for NTM-I. Italy has also expressed interest in providing Carabinieri trainers for NTM-I once NATO members agree to expand the mission to include training for Iraqi security forces. Italy's Carabinieri forces in Dhi Qar province already have

trained over 10,000 Iraqi security forces, and approximately one hundred Iraqi staff officers have received training at the Italian war college in Rome.

¶11. Italy also participates in the EU's integrated rule of law mission (EUJUST LEX), which provides training for senior Iraqi officials in the area of crime investigation. The Italian Ministry of Justice led two courses in the year ending June 30, 2006, at a cost of approximately 300,000 Euro, and intends to provide a third course this year for an additional cost of 500,000 Euro.

Host to the Multinational Force and Observers (MFO)

¶12. The Multinational Force and Observers (MFO), headquartered in Rome, is an independent international organization created by agreement between the Arab Republic of Egypt and the State of Israel. The MFO also has offices in Cairo and Tel Aviv. The United States, along with Egypt and Israel, provides most of the MFO funding. The MFO's Director General, Ambassador Jim Larocco, is a retired U.S. Foreign Service Officer who previously served as U.S. Ambassador to Kuwait.

¶13. The MFO's mission is to supervise the implementation of the security provisions of the 1979 Egyptian-Israeli Treaty of Peace. Contingents from 11 countries, including Italy, participate in the activities of the MFO. Italy, in addition to providing the MFO headquarters in Rome, has provided the MFO's Coastal Patrol Unit since 1982, currently comprising nearly 80 personnel (mostly Coastal Patrol Units) and three ships. Since March 2004, the MFO Force Commander in the Sinai has also been an Italian, Brigadier General Roberto Martinelli.

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